RECORD AND BRIEFS

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In The

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, *et al.*,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

AMICUS CURIAE BRIEF OF PROFESSOR JAMES W. ELY, JR. AND MOUNTAIN STATES LEGAL FOUNDATION IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

Whether *inter partes* review – an adversarial process used by the Patent and Trademark Office ("PTO") to analyze the validity of existing patents – violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

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AMICUS CURIAE BRIEF OF PROFESSOR JAMES W. ELY, JR. AND MOUNTAIN STATES LEGAL FOUNDATION IN SUPPORT OF PETITIONER

Pursuant to Supreme Court Rule 37.3(a), Professor James W. Ely, Jr. and Mountain States Legal Foundation ("MSLF"), on behalf of itself and its members, respectfully submit this amicus curiae brief in support of Petitioner.[1]

IDENTITY AND INTEREST OF AMICI CURIAE

Professor James W. Ely, Jr. is a Milton R. Underwood Professor of Law, Emeritus, and Professor of History, Emeritus, at Vanderbilt University. He has received national acclaim for his work as a legal historian and property rights expert. He has authored books, treatises, and articles, which have received widespread praise from legal historians and scholars, including THE LAW OF EASEMENTS AND LICENSES IN LAND (Thomson Reuters/West, rev. ed. 2017) (with Jon W. Bruce), THE GUARDIAN OF EVERY OTHER RIGHT: A CONSTITUTIONAL HISTORY OF PROPERTY RIGHTS (Oxford Univ. Press, 3d ed. 2008), and THE CONTRACT CLAUSE:

[1] The parties have consented to the filing of this amicus curiae brief. *See* Supreme Court Rule 37.3(a). Pursuant to Supreme Court Rule 37.6, the undersigned affirms that no counsel for a party authored this brief in whole or in part, and no person or entity other than MSLF, its members, or its counsel, made a monetary contribution specifically for the preparation or submission of this brief.

A CONSTITUTIONAL HISTORY (Univ. Press of Kansas, 2016). Recently, in *Marvin M. Brandt Revocable Trust v. United States*, 134 S. Ct. 1257, 1260-61 (2014) ("*Brandt*"), this Court cited his treatise, RAILROADS AND AMERICAN LAW (Univ. Press of Kansas, 2001), in its discussion of the history of the transcontinental railroad.

MSLF is a nonprofit, public-interest legal foundation organized under the laws of the State of Colorado. MSLF is dedicated to bringing before the courts issues vital to the defense and preservation of individual liberties, the right to own and use property, the free enterprise system, and limited and ethical government. MSLF has members who reside, own property, and/or work in all 50 states.

Since its creation in 1977, MSLF and its attorneys have been involved in numerous cases involving the protection of private property rights and the defense of individual liberties. *E.g.*, *Brandt*, 134 S. Ct. at 1260 (represented petitioner); *Horne v. Dep't of Agric.*, 135 S. Ct. 2419 (2015) (represented amicus); *Brott v. United States*, 858 F.3d 425 (6th Cir. 2017) (represented amici). Moreover, this case has the potential to affect not only patent owners, but all owners of real and personal property nationwide, including MSLF's members. Accordingly, Professor Ely and MSLF respectfully submit this amicus curiae brief in support of Petitioner.

STATEMENT OF THE CASE

I. FACTUAL BACKGROUND.

Petitioner Oil States Energy Services, LLC ("Oil States") owns the patent at issue, which was cancelled by the Patent Trial and Appeal Board ("Board") of the PTO.[2] App. 4-5. The '053 patent is titled "Lockdown Mechanism for Well Tools Requiring Fixed-Point Packoff" and involves "an apparatus and method for securing a mandrel of a well tool in an operative position in which the mandrel is packed off against a fixed-point in a well." App. 5. In practical terms, the '053 patent covers a design that allows wellheads to withstand the continuous pressure and abrasiveness of hydraulic fracturing fluid and, thereby, protects the wellheads from severe damage. *Id.*

The '053 patent contains multiple claims, including claims 1 and 22.[3] App. 9. Both claims were challenged as invalid in federal district court and in *inter partes* review before the Board.

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[2] The patent at issue is U.S. Patent No. 6,179,053 ("'053 patent") and was issued by the PTO on January 30, 2001. Petitioner's Appendix ("App.") 5.

[3] As described in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), "a patent includes one or more 'claims,' which 'particularly poin[t] out and distinctly clai[m] the subject matter which the applicant regards as his invention.'" *Id.* at 373 (quoting 35 U.S.C. § 112 (1996)) (alterations in *Markman*). "A claim covers and secures a process, a machine, a manufacture, a composition of matter, or a design, but never the function or result of either, nor the scientific explanation of their operation." *Markman*, 517 U.S. at 373 (quotations omitted). Stated plainly, the claims of a

II. PROCEDURAL BACKGROUND.

On September 10, 2012, Oil States filed suit against Respondent, Greene's Energy Group, LLC ("Greene's Energy"), alleging infringement of the '053 patent in the U.S. District Court for the Eastern District of Texas. *Oil States Energy Servs., LLC v. Trojan Wellhead Prot., Inc.*, No. 6:12-cv-611, 2014 WL 12360946, *1 (E.D. Tex. June 23, 2014). In response, Greene's Energy raised patent invalidity as an affirmative defense and, also, as a counterclaim. *See id.* at *10-11.

On December 3, 2013, while Oil States' patent infringement suit was pending before the district court, Greene's Energy petitioned the Board to institute *inter partes* review of claims 1 and 22. *Greene's Energy Group, LLC v. Oil States Energy Servs., LLC*, IPR2014-00216, 2014 WL 2623464, *1 (PTAB June 10, 2014). *Inter partes* review is an adversarial proceeding before at least three members of the Board – a non-Article III administrative tribunal – who review the existing patent to determine whether the patent must be cancelled because it was anticipated by prior art or obvious, *i.e.*, unpatentable. *See* 35 U.S.C. §§ 6, 311, 318; 37 C.F.R. § 42.100. This proceeding does not utilize a jury, but is "conducted in a . . . trial-like fashion" and "presided over by the [Board], staffed with Administrative Law Judges. . . ." Andrei Iancu & Ben Haber, *Post-Issuance Proceedings in the America Invents Act*, 93 J.

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patent define the scope of the patent issued by the PTO and help prohibit copying of the invention. *Id.*

PAT. & TRADEMARK OFF. SOC'Y 476, 480 (2011). Thus, Greene's Energy sought to employ *inter partes* review to "cancel as unpatentable 1 or more claims of a patent," *i.e.*, to invalidate the patent. *See* 35 U.S.C. § 311.

On June 10, 2014, the Board concluded that Greene's Energy's petition for *inter partes* review "establish[ed] that there is a reasonable likelihood that [it] would prevail in showing that claims 1 and 22 of the '053 patent are unpatentable as anticipated by [an earlier patent]." *Greene's Energy*, 2014 WL 2623464, at *11. As such, the Board instituted *inter partes* review. *Id.*

On June 23, 2014, while *inter partes* review was pending, the district court issued an opinion and order in Oil States' patent infringement suit. *Oil States*, 2014 WL 12360946, at *1. The district court considered whether the '053 patent was invalid, as pleaded and counterclaimed by Greene's Energy. *Id.* at *1, *10-11. After construing claims 1 and 22, the district court determined that Greene's Energy failed to carry its burden to prove by "clear and convincing evidence" that "one skilled in the art would not understand the scope of the asserted claim[s]." *Id.* at *10. As a result, the district court ruled that "[b]ecause the claims . . . , when read in light of the specification, easily inform those skilled in the art about the scope of the invention with reasonable certainty, the claims are not invalid." *Id.* at *11. As such, the district court denied Greene's Energy's motion for summary judgment. *Id.*

Despite the district court's decision, the Board continued with *inter partes* review. On May 1, 2015, the Board issued its final decision. App. 3. The Board concluded that Greene's Energy "has shown by a preponderance of the evidence that claims 1 and 22 of the '053 patent are unpatentable[.]" App. 4-5, 36. Thus, contrary to the district court's decision, the Board cancelled the '053 patent. App. 36.

On June 12, 2015, Oil States appealed the Board's decision to the U.S. Court of Appeals for the Federal Circuit. One of the issues raised on appeal was whether the Board's decision must be set aside because the Constitution requires that litigants get a jury trial on disputed questions of fact regarding patent validity in an Article III court. Brief of Appellant, *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 639 F. App'x 639 (Fed. Cir. May 4, 2016) (No. 2015-1855) (per curiam), 2015 WL 5666164, *52. On May 4, 2016, a panel of the Federal Circuit affirmed the Board's decision without issuing an opinion. *Oil States*, 639 F. App'x at 640. The Federal Circuit also denied Oil States' petition for panel rehearing and rehearing *en banc*. App. 37-38.

On November 23, 2016, Oil States filed a petition for a writ of certiorari, which was granted in part on June 12, 2017. *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 137 S. Ct. 2239 (2017). As demonstrated below, *inter partes* review violates the Constitution by allowing a non-Article III

administrative tribunal, without the aid of a jury, to cancel private property rights.

SUMMARY OF ARGUMENT

Private property rights guard all other individual rights. As a result, it is of utmost importance to protect private property rights. Patents, as provided for by the Patent Clause in the Constitution, secure private property rights to an individual for a specified invention. However, the congressionally established *inter partes* review proceeding fails to protect these private property rights. Instead, *inter partes* review allows a non-Article III administrative tribunal to cancel private property rights without trial by jury as guaranteed by the Seventh Amendment of the Constitution.

First, private property rights secured by a patent can only be cancelled by suit in an Article III court, not in a non-Article III administrative tribunal, such as the Board. In fact, more than one hundred years ago, this Court addressed this very issue in the context of patents for land and patents for inventions. This Court consistently ruled that only an Article III court has authority to cancel private property rights – not the department that issued the patent. Thus, *inter partes* review runs afoul of longstanding precedent and violates Article III of the Constitution.

Second, patent validity, *i.e.*, cancellation of the patent, as a question of fact for a jury is preserved by the

Seventh Amendment. In 18th century England, disputed questions of fact regarding patent validity commonly went to a jury in a court of law and, occasionally, at the behest of the Court of Chancery by writ of *scire facias*. Modern-day patent infringement suits in Article III courts similarly afford litigants the opportunity to have a jury decide disputed questions of fact regarding patent validity. On the other hand, *inter partes* review completely forecloses the opportunity for a jury. Instead, a non-Article III administrative tribunal – the Board – is the ultimate factfinder and arbiter of patent validity. Thus, in addition to violating Article III, *inter partes* review is contrary to the Seventh Amendment.

ARGUMENT

I. PATENTS SECURE PRIVATE PROPERTY RIGHTS THAT ARE PROTECTED BY THE CONSTITUTION AND CAN ONLY BE CANCELLED BY SUIT IN AN ARTICLE III COURT.

A. Property Rights Are The Guardian Of All Other Rights And Must Be Protected.

"The right of property . . . is the guardian of every other right. . . ." ELY, THE GUARDIAN OF EVERY OTHER RIGHT, *supra*, at 26 (quotations omitted). In fact, the protection of private property is essential to liberty and a free society. *Stop the Beach Renourishment, Inc. v. Fla. Dep't of Envtl. Prot.*, 560 U.S. 702, 734 (2010) (Kennedy, J., concurring) ("[T]he right to own and hold

property is necessary to the exercise and preservation of freedom."). This principle is embodied in the Constitution and owes its influence to the Magna Carta and John Locke's SECOND TREATISE OF GOVERNMENT (C.B. Macpherson ed., 1980) (1690). *E.g.*, *Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1965 & n.3 (2015) (Thomas, J., dissenting) ("The protection of private rights in the Anglo-American tradition goes back to at least Magna Carta. The original 1215 charter is replete with restrictions on the King's ability to proceed against private rights. . . .").

For example, chapter 29 of the 1225 charter of the Magna Carta provides that: "[n]o freeman shall be taken, or imprisoned, or be disseised of this freehold, or liberties, . . . but by lawful judgment of his peers, or by the law of the land. . . ." BERNARD H. SIEGAN, ECONOMIC LIBERTIES AND THE CONSTITUTION 7 (2d ed. 2006) (quoting Magna Carta (1225)). Thus, the Magna Carta secured private property against arbitrary deprivations by the government.[4] ELY, THE GUARDIAN OF EVERY OTHER RIGHT, *supra*, at 13. More importantly, early American colonists believed the right to property, as guaranteed in the Magna Carta, was part of their birthright as English subjects. SIEGAN, *supra*, at 9.

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[4] The phrase "by the law of the land," used in the Magna Carta, is known as "due process of law." *Bank of Columbia v. Okely*, 17 U.S. 235, 244 (1819) (The words "by the law of the land" are "intended to secure the individual from the arbitrary exercise of the powers of government, unrestrained by the established principles of private rights and distributive justice.").

In the SECOND TREATISE OF GOVERNMENT, John Locke declared that legitimate government was based on a compact whereby people gave their allegiance to the government in exchange for protection of their property. LOCKE, *supra*, §§ 123-31. This is because private property predated government. *Id.* According to Locke, the major purpose of government is to protect private property, which Locke equated to preservation of liberty. *Id.* § 124 ("The great and *chief end*, therefore, of men's uniting into common-wealths, and putting themselves under government, *is the preservation of their property*." (emphasis in original)); *id.* § 123 (Men are "willing to join in society with others, who are already united, or have a mind to unite for the mutual *preservation* of their lives, liberties and estates, which I call by the general name, *property*." (emphasis in original)).

The influence of the Magna Carta and John Locke on our early American Republic is clear. For example, "colonial leaders viewed the security of property as the principal function of government." ELY, THE GUARDIAN OF EVERY OTHER RIGHT, *supra*, at 28. The Framers of the Constitution also recognized that "principles of good government started with the protection of private property – that guardian of all other rights." Richard A. Epstein, *The Ebbs and Flows in Takings Law: Reflections of the Lake Tahoe Case*, 2002 CATO SUP. CT. REV. 5, 5 (2002). Thus, the primary role of the federal government is to protect private property.

In fact, this Court has consistently recognized that the protection of private property is essential to a free society:

> Due protection of rights of property has been regarded as a vital principle of republican institutions. Next in degree to the right of personal liberty . . . is that of enjoying private property without undue interference or molestation. The requirement that the property shall not be taken for public use without just compensation is but an affirmance of a great doctrine established by the common law for the protection of private property. It is founded in natural equity, and is laid down as a principle of universal law. Indeed, in a free government, almost all other rights would become worthless if the government possessed an uncontrollable power over the private fortune of every citizen.

Chicago, Burlington & Quincy R.R. Co. v. Chicago, 166 U.S. 226, 235-36 (1897); *see Wilkinson v. Leland*, 27 U.S. 627, 657 (1829) ("That government can scarcely be deemed to be free, where the rights of property are left solely dependent upon the will of a legislative body, without any restraint. The fundamental maxims of a free government seem to require, that the rights of personal liberty and private property should be held sacred. At least no court of justice in this country would be warranted in assuming, that the power to violate and disregard them; a power so repugnant to the common principles of justice and civil liberty lurked under any general grant of legislative authority. . . .").

Moreover, without private property rights, individuals have no "buffer protecting [them] from governmental coercion." ELY, THE GUARDIAN OF EVERY OTHER RIGHT, *supra*, at 43. Therefore, it is imperative that the courts fully protect private property to ensure liberty. *See United States v. Lee*, 106 U.S. 196, 220 (1882) ("[The] provisions for the security of the rights of the citizen stand in the constitution in the same connection and upon the same ground as they regard his liberty and his property. It cannot be denied that both were intended to be enforced by the judiciary as one of the departments of the government established by that constitution."); THE FEDERALIST No. 78, at 469 (Alexander Hamilton) (C. Rossiter ed., 2003).

B. Patents Secure Private Property Rights That Are Constitutionally Protected.

The Patent Clause provides: "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by *securing* for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. . . ."[5] U.S. CONST. art. I, § 8,

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[5] In *Wheaton v. Peters*, 33 U.S. 591, 660-64 (1834), this Court concluded that the word "secure," as used in the Patent Clause, referred to the creation of a future right, not to protect an existing right. More specifically, this Court stated:

> This right [to exclude others] . . . does not exist at common law – it originated, if at all, under the acts of congress. No one can deny that when the legislature [is] about to vest an exclusive right in an author or an inventor, they have the power to prescribe the conditions on which such right shall be enjoyed; and that no one

cl. 8 (emphasis added). This clause "is both a grant of power and a limitation." *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 5 (1966). For instance, the Patent Clause "grant[s] to the Congress . . . the power to permit patents to be issued." *Great Atlantic & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 154 (1950) (Douglas, J., concurring). Since the Patent Act of 1790, 1 Stat. 109 (1790), was enacted, Congress has exercised its power to issue patents to inventors.[6] *See* Mark A. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 VA. L. REV. 1673, 1693 (2013).

Once issued, a patent guarantees to the inventor an exclusive right to the invention for a prescribed period, *i.e.*, "the right to exclude others from its use for the time prescribed in the statute." *Cont'l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 425 (1908); *see Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 36 (1923) ("[T]he patent confers on such common-law right [to make, use, and sell the invention] the incident of exclusive enjoyment. . . ."); *United States v. Line Material Co.*, 333 U.S. 287, 345 (1948) (Douglas, J., concurring) ("[T]he common law right to make, use and sell the product of an unpatented invention exists

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> can avail himself of such right who does not substantially comply with the requisitions of the law.

Id. at 663-64.

[6] Before the 1790 Patent Act, various colonies issued patents and, in the 1780s, under the Articles of Confederation, "the Continental Congress passed a resolution encouraging the States" to issue patents. Tyler T. Ochoa & Mark Rose, *The Anti-Monopoly Origins of the Patent and Copyright Clause*, 84 J. PAT. & TRADEMARK OFF. SOC'Y 909, 919-22 (2002).

without any right to exclude others. . . . The additional 'exclusive right,' or so-called 'patent right,' which is added to the common law right of the inventor is added by the authority of the Constitution and of the federal statutes. . . ."). As with real property, the "right to exclude others," in the patent context, is "one of the most essential sticks in the bundle of rights that are commonly characterized as property. . . ." *Kaiser Aetna v. United States*, 444 U.S. 164, 176 (1979); *see Int'l News Serv. v. Associated Press*, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting) ("An essential element of individual property is the legal right to exclude others from enjoying it.").

Simply, patents secure private property rights, *i.e.*, the right to exclude. And, this right to exclude, guaranteed by the patent, is protected by the Constitution. *See Ford Motor Co. v. United States*, 405 U.S. 562, 576 n.11 (1972) (describing patents as "constitutionally protected property rights"). Significantly, this principle is deep-rooted, as evidenced by this Court's 19th century precedent.[7] *E.g.*, *Ex parte Wood*, 22 U.S. 603, 608 (1824); *James v. Campbell*, 104 U.S. 356, 358 (1881); *Wheaton*, 33 U.S. at 663-65.

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[7] This Court's 19th century patent law jurisprudence carries substantial weight, because as Chief Justice Roberts noted fairly recently in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), "[w]hen it comes to discerning and applying those standards, in this [patent law] area as others, 'a page of history is worth a volume of logic.'" *Id.* at 395 (Roberts, C.J., concurring) (quoting *New York Trust Co. v. Eisner*, 256 U.S. 345, 349 (1921) (Holmes, J.)).

For example, in 1824, this Court ruled that patents "secur[e] to inventors . . . an exclusive right to their inventions. . . ." *Ex parte Wood*, 22 U.S. at 608 ("The inventor has . . . a property in his inventions; a property which is often of very great value, and of which the law intended to give him the absolute enjoyment and possession."). This exclusive right "involv[es] some of the dearest and most valuable rights which society acknowledges" and is favored by the Constitution. *Id.* In *James*, this Court further clarified that patents secure private property rights when ruling that:

> The government of the United States, as well as the citizen, is subject to the Constitution; and when it grants a patent the grantee is entitled to it as a matter of right, and does not receive it, as was originally supposed to be the case in England, as a matter of grace and favor.

104 U.S. at 357-58. This Court also ruled that:

> [W]hen [the federal government] grants letters-patent for a new invention . . . , [it] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser. . . .

Id. Thus, the exclusive right, guaranteed by the patent, is a vested and constitutionally protected right. *Wheaton*, 33 U.S. at 663-65.

This Court's 19th century precedent also repeatedly analogized a patent for an invention to a patent for land. For example, in *Shaw v. Cooper*, 32 U.S. 292 (1833), this Court stated that "[t]he right of the plaintiff to his invention, is compared to his right to other property, which cannot be divested by fraud or violence. . . ." *Id.* at 317. Additionally, in *Consolidated Fruit-Jar Co. v. Wright*, 94 U.S. 92 (1876), this Court further clarified that "[a] patent for an invention is as much property as a patent for land. The right rests on the same foundation, and is surrounded and protected by the same sanctions. . . . Neither an individual nor the public can trench upon or appropriate what belongs to the other." *Id.* at 96; *see Cammeyer v. Newton*, 94 U.S. 225, 226 (1876) ("[T]he rule of law is well settled, that an invention so secured is property in the holder of the patent, and that as such the right of the holder is as much entitled to protection as any other property. . . ." (citing *Seymour v. Osborne*, 78 U.S. 516, 533 (1870))); *United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 358-59 (1888) ("*American Bell I*") ("The power . . . to issue a patent for an invention, and the authority to issue such an instrument for a grant of land, emanate from the same source; and . . . are of the same nature, character, and validity. . . ."). Similarly, this Court's 20th century precedent reaffirmed that patents secure private property rights and continued to use the same analogy. *E.g.*, *Cont'l Paper Bag Co.*, 210 U.S. at 425-26 ("[P]atents are property, and entitled to the same rights and sanctions as other property.").

More recently, this Court reiterated that patents secure private property rights and are protected to same degree as real property. For example, in *Microsoft Corp. v. i4i Ltd. Partnership*, 564 U.S. 91 (2011), this Court reiterated that "[o]nce issued, a patent grants certain exclusive rights to its holder, including the exclusive right to use the invention during the patent's duration." *Id.* at 96. In *Horne*, this Court relied on early American history to rule that personal property is afforded the same protection as real property. 135 S. Ct. at 2426. To exemplify this point, this Court re-stated its ruling from *James* as follows:

> "[A patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser."

Id. at 2427 (quoting *James*, 104 U.S. at 358). Thus, for more than 100 years this Court's patent law jurisprudence has not wavered on two fundamental principles – patents secure private property rights; and patents for inventions are protected to the same extent as real property.

C. As Securing Private Property Rights, Patents Can Only Be Cancelled By Suit In An Article III Court.

As demonstrated, patents secure private property rights and, like real property, are protected by the

Constitution. Because a patent secures private property rights, the cancellation of a patent is a judicial function of an Article III court. *See American Bell I*, 128 U.S. at 365; *United States v. Stone*, 69 U.S. 525, 535 (1864). More importantly, this Court already established this principle in *McCormick Harvesting Machine Co. v. C. Aultman & Co.*, 169 U.S. 606 (1898).

In *McCormick*, the executrix of an initial patent owner filed an application for reissue of a patent with the patent office. 169 U.S. at 607. This application included new claims and claims that were part of the original patent. *Id.* The patent examiner suggested that five claims "of the original patent should be rejected for want of patentable novelty. . . ." *Id.* While the application was being considered, McCormick became the owner of the patent. *Id.* McCormick "abandoned the application for a reissue, and requested and obtained from the patent office the return of the original patent." *Id.* at 608. Then, McCormick sued the defendants for infringement of the original patent. *Id.* at 607.

The circuit court ruled that the patent examiner's suggestion that five claims of the original patent were invalid was "fatal" to McCormick's infringement suit. *McCormick*, 169 U.S. at 607. The appellate court decided that the defendants had infringed only three claims of the original patent suggested to be invalid. *Id.* Rather than decide whether the three claims were invalid, as a result of the application for reissue, the appellate court certified a question to this Court. *Id.* The appellate court asked whether the claims of the

original patent, as part of the application for reissue, were invalid even though the patent owner abandoned the application for reissue and received the original patent back. *Id.* at 607-08.

At the outset of the opinion, this Court explained:

> It has been settled by repeated decisions of this [C]ourt that when a patent has received the signature of the secretary of the interior, countersigned by the commissioner of patents, has had affixed to it the seal of the patent office, it has passed beyond the control and jurisdiction of that office, and is not subject to be revoked or canceled by the president, or any other officer of the government.

McCormick, 169 U.S. at 608. This Court then reiterated that upon issuance a patent "become[s] the property of the patentee" and "is entitled to the same legal protection as other property." *Id.* at 609.

As such, and like a patent for land, "[t]he only authority competent to set a patent [for an invention] aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent." *McCormick*, 169 U.S. at 609; *see Stone*, 69 U.S. at 535 ("The patent is but evidence of a grant, and the officer who issues it acts ministerially and not judicially. If he issues a patent for land reserved from sale by law, such patent is void for want of authority. But one officer of the land office is not competent to cancel or annul the act of his predecessor. That is a judicial act, and

requires the judgment of a court."). This Court concluded as follows:

> Our conclusion upon the whole case is that, upon the issuance of the original patent, the patent office had no power to revoke, cancel, or annul it. It had lost jurisdiction over it, and did not regain such jurisdiction by the application for reissue. Upon application being made for such reissue the patent office was authorized to deal with all its claims, the originals as well as those inserted first in the application, and might declare them to be invalid, but such action would not affect the claims of the original patent, which remained in full force, if the application for a reissue were rejected or abandoned.

McCormick, 169 U.S. at 612; *see id.* at 610 ("If the patentee abandoned his application for a reissue, he is entitled to a return of his original patent precisely as it stood when such application was made, and the patent office has no greater authority to mutilate it by rejecting any of its claims than it has to cancel the entire patent.").

As *McCormick*'s analysis demonstrates, this Court's land patent jurisprudence clearly buttresses its holding that only an Article III court has authority to cancel a patent for an invention. 169 U.S. at 609, 612. For example, in *United States v. Schurz*, 102 U.S. 378 (1880), this Court acknowledged the authority of the land-officers to determine whether a land patent

should be issued to the patentee. *Id.* at 401. However, after the patent had been issued and title transferred:

> [T]he land ha[d] cease[d] to be the land of the government; or, to speak in technical language, the legal title ha[d] passed from the government, and the power of these officers to deal with it ha[d] also passed away. The fact that the evidence of this transfer of title remain[ed] in the possession of the land-officers cannot restore the title to the United States or defeat that of the grantee, any more than the burning up of a man's title-deeds destroys his title.

Id. at 402;[8] *see also id.* at 403 ("No further authority to consider the patentee's case remains in the land-office. No right to consider whether he ought in equity, or on new information, to have the title or receive the patent."). Thus, the Court concluded that:

> [W]hen the [patentee] obtains possession, if there be any equitable reason why, as against the government, he should not have it, – if it has been issued without authority of law, or by mistake of facts, or by fraud of the grantee, – the United States can, by a bill in chancery, have a decree annulling the patent, or possibly a writ of *scire facias*.

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[8] Arguably, in the case of a patent for an invention, this ruling resonates louder, because "the patent for an invention is not a conveyance of something which the government owns." *United States v. Am. Bell Tel. Co.*, 167 U.S. 224, 238 (1897) ("*American Bell II*").

Id. at 404; *id.* (explaining that another party can obtain similar relief in a court of equity). *Schurz* is also consistent with this Court's other decisions regarding land patents. *E.g.*, *Moore v. Robbins*, 96 U.S. 530, 533-34 (1877) ("If fraud, mistake, error, or wrong has been done, the courts of justice present the only remedy. These courts are as open to the United States to sue for the cancellation of the deed or reconveyance of the land as to individuals; and if the government is the party injured, this is the proper course."); *Noble v. Union River Logging R.R. Co.*, 147 U.S. 165, 175-77 (1893); *Stone*, 69 U.S. at 535.

As demonstrated, *McCormick* is as applicable today as it was in 1898. In the case at hand, the Board conducted *inter partes* review and cancelled the '053 patent. Like in *McCormick*, the Board acted *ultra vires* by cancelling a patent after it was issued to the owner. 169 U.S. at 612. This is because, as *McCormick* ruled, only an Article III court has authority to cancel a patent after issuance – not the department that issued the patent – in this case, the PTO.[9] 169 U.S. at 609, 612; *American Bell I*, 128 U.S. at 365. Thus, a patent, which secures vested, private property rights, can only be cancelled by an Article III court, not a non-Article III administrative tribunal connected to the department that issued the patent. Therefore, *inter partes* review

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[9] Moreover, the opposite conclusion could implicate separation of powers concerns, especially given that patents secure private property rights and the government never had ownership of the invention. *See Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 219-22 (1995).

violates Article III of the Constitution and this Court's applicable precedent.

II. CONGRESS CANNOT ABROGATE A PATENT OWNER'S RIGHT TO TRIAL BY JURY, AS GUARANTEED BY THE SEVENTH AMENDMENT, BY ALLOWING AN ALLEGED INFRINGER TO USE *INTER PARTES* REVIEW TO CIRCUMVENT THAT RIGHT.

A. The Historical Importance Of The Seventh Amendment.

The Seventh Amendment "is justly dear to the American people." *Parsons v. Bedford*, 28 U.S. 433, 446 (1830). Early American colonists believed that trial by jury in civil cases was of upmost importance. Charles W. Wolfram, *The Constitutional History of the Seventh Amendment*, 57 MINN. L. REV. 639, 653-54 (1973). This belief can be partly attributed to William Blackstone, whose opinions were "widely read by the colonists" prior to 1787. *Id.* at 653-54 & n.45 ("By far the most widely read of these was Blackstone who praised civil jury trial as 'the glory of English law'." (quoting WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 379 (Robert Bell ed., Philadelphia, 1771))).

Early American colonists held steadfast to their perceived right to trial by jury in civil cases, which was put to the test prior to the Revolution. Wolfram, *supra*, at 654. For example, prior to the Revolution, the vice-admiralty courts were frequently used to unlawfully

dodge the common-law right to a jury trial in civil cases. *See id.* at 654-55 n.47. Tellingly, the right to a jury trial in civil cases was expressly adopted by state constitutions, statutes, or still used based on previous practice. *Id.* at 655. "In fact, '[t]he right to trial by jury was probably the only one universally secured by the first American state constitutions. . . .'" *Id.* (quoting L. LEVY, FREEDOM OF SPEECH AND PRESS IN EARLY AMERICAN HISTORY – LEGACY OF SUPPRESSION 281 (1963 reprint)).

Interestingly, under the Articles of Confederation, "[s]everal prize cases were tried to juries" even though these "cases came within the admiralty jurisdiction and would not have been tried to a jury either in England or under later practice in the federal courts after adoption of the [S]eventh [A]mendment."[10] Wolfram, *supra*, at 655 n.51. Undoubtedly, the early American Republic was deeply fond of the right to trial by jury in civil cases. *Id.* at 656.

Despite this sentiment for civil jury trials, the pre-ratification version of the Constitution that emerged from the Constitutional Convention of 1787 surprisingly contained no provision for trial by jury in civil cases. Wolfram, *supra*, at 656; THE FEDERALIST NO. 83, at 494-95 (Alexander Hamilton) (C. Rossiter ed., 2003) (noting that the "plan of the convention" failed to contain a provision for civil jury trials). In *Colgrove v.*

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[10] Even the Northwest Ordinance of 1787 guaranteed trial by jury in civil cases. 1 Stat. 50, 52 (1789); Wolfram, *supra*, at 656 & n.52.

Battin, 413 U.S. 149 (1973), this Court described the situation as follows:

> [T]he omission of a protective clause from the Constitution was not because an effort was not made to include one. On the contrary, a proposal was made to include a provision in the Constitution to guarantee the right of trial by jury in civil cases but the proposal failed because the States varied widely as to the cases in which civil jury trial was provided, and the proponents . . . found too difficult a task of fashioning words appropriate to cover the different state practices.

Id. at 153; *see also id.* n.8.

Although the Constitution was ratified without a provision for trial by jury in civil cases, there were "strong pressures for a civil jury trial provision in the Bill of Rights. . . ." *Colgrove*, 413 U.S. at 154; *see* Wolfram, *supra*, at 656, 725 ("Ratification was ultimately achieved probably only on the strength of assurances that the basic protections of a bill of rights would be incorporated as amendments . . . at the first meeting of the Congress provided for under the Constitution."). Accordingly, on September 25, 1789, Congress approved the Seventh Amendment to the Constitution, as part of the Bill of Rights, which was ratified by the States on December 15, 1791. *Id.* at 657, 725-26; *see* 1 Stat. 97 (1789). The Seventh Amendment provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and

> no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

U.S. CONST. amend. VII.

Given the battled history of securing the right to trial by jury in civil cases, "its importance as a fundamental guarantee of the rights and liberties of the people" is beyond doubt. *Parsons*, 28 U.S. at 446. Because "[m]aintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence[,] . . . any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care." *Dimick v. Schiedt*, 293 U.S. 474, 486 (1935).

As evident from this Court's jurisprudence, and the case at hand, the battle to secure the right to trial by jury in civil cases continues today. Therefore, it is as imperative now, as it was in the late 1700s, to "watch[] with great jealousy" "every encroachment upon" the right to trial by jury in civil cases, as enumerated in the Seventh Amendment. *Parsons*, 28 U.S. at 446.

B. The Issue Of Patent Validity Is Subject To The Seventh Amendment's Jury Trial Guarantee.

Under the text of the Seventh Amendment, whether a jury trial is required hinges on the phrase "Suits at common law." U.S. CONST. amend. VII; *see Baltimore & Carolina Line v. Redman*, 295 U.S. 654,

657 (1935) ("The aim of the amendment . . . is to preserve the substance of the common-law right of trial by jury. . . ."). In *Parsons*, this Court construed "Suits at common law" to mean the following:

> By *common law*, [the Framers] meant what the constitution denominated in the third article "law;" not merely suits, which the *common* law recognized among its old and settled proceedings, but suits in which *legal* rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were recognized, and equitable remedies were administered. . . .

28 U.S. at 447 (emphasis in original). In essence, the Seventh Amendment "preserve[d] the right to jury trial as it existed in 1791, [but] it has long been settled that the right extends beyond the common-law forms of action recognized at that time." *Curtis v. Loether*, 415 U.S. 189, 193 (1974). In keeping with this test, this Court asks two questions:

> [F]irst, whether we are dealing with a cause of action that either was tried at law at the time of the founding or is at least analogous to one that was. If the action in question belongs in the law category, we then ask whether the particular trial decision must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791.

Markman, 517 U.S. at 376 (internal citation omitted).

The first question pertains to the "character of the cause of action. . . ." *Markman*, 517 U.S. at 377. In its

analysis, this Court "compare[s] the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. [And] . . . examine[s] the remedy sought and determine[s] whether it is legal or equitable in nature." *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989) (quotations omitted). There were two types of action utilized in 18th century England that implicated patent validity.

One type of action was patent infringement. In the 18th century, "the English courts increasingly found themselves adjudicating infringement suits. In some of these suits, accused infringers called into question the validity of the underlying patent. . . . Both law and equity courts could hear such defenses in England during the 1700s. . . ." Lemley, *supra*, at 1682. Notably, in *Markman*, this Court ruled that:

> Equally familiar is the descent of today's patent infringement action from the infringement actions tried at law in the 18th century, and there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago.

517 U.S. at 377. Commonly, "when a patentee sued for damages at common law rather than seeking an injunction in equity, matters of fact – including what factual issues existed concerning validity – were given by the law courts to the jury." Lemley, *supra*, at 1685; *see Granfinanciera*, 492 U.S. at 43 (noting that an action that occurred "more than occasionally" carries more

weight). In fact, "[t]his practice was fairly widespread by 1791. . . ." *Id.* Undoubtedly, the remedy sought in patent infringement cases, with patent validity at issue, was legal in nature. Moreover, the issue of patent validity necessarily impacts ownership or, in other words, an inventor's legal right to exclude. *See Parsons*, 28 U.S. at 447 ("By *common law*, they meant . . . suits in which *legal* rights were to be ascertained and determined. . . ." (emphasis in original)); *Int'l News Serv.*, 248 U.S. at 250 (Brandeis, J., dissenting) ("An essential element of individual property is the *legal right to exclude others* from enjoying it." (emphasis added)); Lemley, *supra*, at 1682 (noting that alleged infringers would "question the validity . . . on the ground that it had not been granted to the true inventor or the inventor had not sufficiently described the invention"); *id.* at 1685-86 (noting that juries determined questions of fact involving novelty and adequacy of the specification).

The other type of action was *scire facias*.[11] In *American Bell I*, this Court described the process:

> The ancient mode of doing this in the English courts was by *scire facias*. . . . [W]hen the king has granted a thing by false suggestion, he may by *scire facias* repeal his own grant. . . .

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[11] Unlike patent infringement suits in 18th century England, which were common, *scire facias* proceedings were likely less common. Lemley, *supra*, at 1685 ("We have little evidence on how common this practice was in England in the 1700s, because there are few records of *scire facias* proceedings before 1785." (emphasis added)).

> The *scire facias* to repeal a patent was brought in chancery where the patent was of record; and, though in this country the writ of *scire facias* is not in use as a chancery proceeding, the nature of the chancery jurisdiction and its mode of proceeding have established it as the appropriate tribunal for the annulling of a grant or patent from the government.

128 U.S. at 368-69 (internal citations and quotations omitted); *see* Lemley, *supra*, at 1683 ("The court could issue a writ of *scire facias*, requiring the owner of the patent to appear in court and defend the patent, lest the court issue an order to the Crown revoking the patent for inconveniency."). Although a writ of *scire facias* was brought in the Court of Chancery in 18th century England, the Court of Chancery would sometimes seek the advice of a jury in a court of law on the issue of patent validity. *Id.* at 1687 ("The fact that *scire facias* was a common law proceeding conducted in the first instance in an equity court meant that the distinction between legal and factual issues was more important than in the law courts." (emphasis added)); *id.* at 1685, 1691. As such, a jury would help determine disputed questions of fact regarding patent validity, which, again, necessarily impacts patent ownership. *See Parsons*, 28 U.S. at 447; *Ross v. Bernhard*, 396 U.S. 531, 538 (1970) ("[L]egal claims are not magically converted into equitable issues by their presentation to a court of equity. . . ."); Lemley, *supra*, at 1685 ("This practice is consistent with the idea that the jurisdiction of the chancery courts over *scire facias* actions was legal, not

equitable." (emphasis added)); *id.* 1687 & n.57. Clearly, in both types of action, disputed questions of facts regarding patent validity were tried at law.

The second question asks, "whether a particular issue occurring within a jury trial (here the [issue of patent validity]) is itself necessarily a jury issue, the guarantee being essential to preserve the right to a jury's resolution of the ultimate dispute." *Markman*, 517 U.S. at 377. Put another way, "[o]nly those incidents which are regarded as fundamental, as inherent in and of the essence of the system of trial by jury, are placed beyond the reach of the legislature." *Colgrove*, 413 U.S. at 156 n.11 (quotations omitted). This Court has stated that "clear historical evidence" may provide an "easy" answer, whereas, "no clear answer" forces "a judgement about the scope of the Seventh Amendment guarantee without the benefit of any foolproof test." *Markman*, 517 U.S. at 377.

Historical evidence confirms that disputed questions of fact regarding patent validity went to a jury in 18th century England. *See* Lemley, *supra*, at 1682-88. For example, in patent infringement suits, juries were essential to the determination of patent validity raised in actions at law and equity. *Id.* at 1685-86. Regarding *scire facias* in the Court of Chancery, juries arguably were even more essential. *See Parsons*, 28 U.S. at 446 ("[C]ourts of equity use the trial by jury only in extraordinary cases to inform the conscience of the court."); *Ex parte Wood*, 22 U.S. at 615. This is because chancery courts could not summon a jury, but rather a jury was summoned in the law courts and the verdict returned

to the chancery court. Lemley, *supra*, at 1685. Certainly, a jury was fundamental to determining validity in a *scire facias* proceeding if a chancery court, with no power to summon a jury, utilized the summoning ability of a court of law to sit a jury and return a verdict. *Id.* at 1687 & n.57 ("[C]hancery courts could and did refer validity questions to juries at common law . . . when there was a disputed issue of fact that *was necessary* to the resolution of the validity issue." (emphasis added)). Thus, the historical evidence provides a clear, easy answer – juries were fundamental to determining disputed questions of fact regarding patent validity in 18th century England.

As demonstrated, the right to trial by jury on the issue of patent validity is beyond the reach of Congress. However, Congress has removed the right to trial by jury on this issue by establishing *inter partes* review in a non-Article III administrative tribunal sitting without a jury. As a result, Congress exceeded the limits on its "power to block application of the Seventh Amendment to a cause of action. . . ." *See Granfinanciera*, 492 U.S. at 51.

Granted, this Court stated that:

> On the common law side of the federal courts, the aid of juries is not only deemed appropriate but is required by the Constitution itself. Congress may devise novel causes of action involving public rights free from the strictures of the Seventh Amendment if it assigns their adjudication to tribunals without statutory authority to employ juries as factfinders. But

> it lacks the power to strip parties contesting matters of private right of their constitutional right to a trial by jury.

Granfinanciera, 492 U.S. at 51-52 (internal citations, quotations, and footnote omitted). Thus, whether Congress can remove the right to trial by jury may depend on the distinction between private rights and public rights. *Id.* However, that the issue of patent validity involves a private right, with a strong historical basis, cannot be questioned.

Once issued, a patent for an invention secures private property rights, such as the right to exclude others from making, selling, or using the invention for a specified period. *E.g.*, *Microsoft Corp.*, 564 U.S. at 96 ("Once issued, a patent grants certain exclusive rights to its holder, including the exclusive right to use the invention during the patent's duration. To enforce that right, a patentee can bring a civil action for infringement if another person 'without authority makes, uses, offers to sell, or sells any patented invention, within the United States.'" (quoting 35 U.S.C. § 271(a))); *Crown Die & Tool Co.*, 261 U.S. at 36; *Ex parte Wood*, 22 U.S. at 608. The right to exclude, by its very nature being an *exclusive right* held by the inventor, as secured by the patent, necessarily means it is a private right, not a public right.[12] *See E. Bement & Sons v. Nat'l*

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[12] That the patent expires and becomes public does not make this right a second-class private right or a public right. *See Granfinanciera*, 492 U.S. at 51-52. This is because for that limited period of time the patent created a monopoly, which, by its definition, is private, not public. *American Bell II*, 167 U.S. at 239

Harrow Co., 186 U.S. 70, 90 (1902) ("[T]itle is exclusive, and so clearly within the constitutional provisions in respect of private property that he is neither bound to use the discovery himself, nor permit others to use it."); *Cont'l Paper Bag Co.*, 210 U.S. at 424 ("Congress has . . . *guaranteed to him* an *exclusive right* to [the invention] for a limited time, and the purpose of the patent is *to protect him in this monopoly*. . . ." (all emphasis added)); *Int'l News Serv.*, 248 U.S. at 250.

Moreover, if a patent is found invalid, then the right to exclude ceases to exist. *See* Paul R. Gugliuzza, *(In)valid Patents*, 92 NOTRE DAME L. REV. 271, 280 (2016) ("Like a court ruling that a patent is invalid, a PTO ruling of invalidity nullifies the patent as against the entire world."). If this right to exclude ceases to exist, then the monopoly held by the inventor is no more and accused infringers may make, sell, or use the invention without limitation, meaning an accused infringer is no longer liable to the inventor. As such, the

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("[T]he purpose of the patent is to protect [the inventor] in this monopoly, not to give him a use which, save for the patent, he did not have before, but only to separate to him an exclusive use."); BLACK'S LAW DICTIONARY 1023 (7th ed. 1999) (defining "monopoly" as "[t]he market condition existing when only one economic entity produces a particular product or provides a particular service"). Moreover, an argument that a patent owner "occupies . . . the position of a quasi[-]trustee for the public; that he is under a sort of moral obligation to see that the public acquires the right to the free use of that invention as soon as is conveniently possible" has been rejected by this Court. *American Bell II*, 167 U.S. at 250 ("We dissent entirely from the thought thus urged. The inventor is the one who has discovered something of value. It is his absolute property.").

right to exclude fits perfectly within this Court's definition of "private right" as "the liability of one individual to another under the law as defined." *Crowell v. Benson*, 285 U.S. 22, 51 (1932); *see Granfinanciera*, 492 U.S. at 51 n.8; *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 62 (7th Cir. 1980) ("The question of validity of any particular patent is a *private issue* between the patentee and alleged infringers, and not a public issue of industry-wide or regulatory concern." (emphasis added)).

As demonstrated, Congress has "conjure[d] away the Seventh Amendment by mandating that traditional legal claims be brought" before a non-Article III administrative tribunal sitting without a jury through *inter partes* review.[13] *Granfinanciera*, 492 U.S. at 52. On the question of validity, a patent owner has a right to trial by jury in civil cases as preserved by the Seventh Amendment. *See United States v. Esnault-Pelterie*, 299 U.S. 201, 205 (1936) ("Validity and infringement are ultimate facts on which depends the question of liability. In actions at law they are to be decided by a jury." (footnote omitted)). Thus, Congress

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[13] Additionally, *inter partes* review fails to resemble either 18th century England action – patent infringement or *scire facias*. At most, *inter partes* review bears a resemblance to *scire facias* only insofar as the ultimate outcome, *i.e.*, patent validity or invalidity, but does not allow juries to decide disputed questions of fact and does not take place before a court. Thus, as between *inter partes* review and modern-day patent infringement suits, the latter are more akin to 18th century patent infringement suits and, also, resemble *scire facias* in its utilization of juries for disputed questions of fact.

ran afoul of the Seventh Amendment by establishing *inter partes* review and placing the decision of patent validity in the hands of the Board, which allows alleged infringers to circumvent the Seventh Amendment guarantee to trial by jury on that issue. Therefore, *inter partes* review violates the Seventh Amendment.

CONCLUSION

For the foregoing reasons, this Court should reverse the judgment of the U.S. Court of Appeals for the Federal Circuit.

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Respectfully submitted,

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